FY 2015-2016 Property Tax Rates and Selected User Fees for Major North Carolina Cities

Annually, the City of Greensboro compares its property tax rate and major user fees to those charged by other large cities in North Carolina. Major user fees, such as those for water/sewer, storm water, and solid waste disposal have been included in this comparison due to the increasing practice of municipalities supporting core services through user fees rather than property tax revenues. In addition to utilizing different strategies for funding basic city services, it is also worth noting communities differ in their priorities and levels of service they provide.

It is also important to take into account county taxes and fees when comparing the costs borne by property owners. In North Carolina, property taxes are levied independently by city and county governments. Therefore, properties located within a municipal boundary are assessed both the city and respective county taxes and applicable user fees.

For the purpose of this comparison, data has been collected from Charlotte, Durham, Greensboro, Raleigh, and Winston-Salem and their respective counties. Winston-Salem has had the most recent property tax revaluation occurring in 2013, with Greensboro's occurring in 2012, Charlotte's in 2011, and both Raleigh's and Durham's in 2009.

FINDING: **Greensboro ranks in the middle of the comparison cities for homeowner costs when combining county and city property taxes and fees.**

The graph and table below illustrate the FY 2015-2016 property tax rates for the comparison cities and their respective primary county taxes on a residential home with an assessed property value of $150,000. Basic user fees charged by both the city and county are included for a more comprehensive comparison.

CITY/COUNTY COMBINED ANNUAL TAXES AND FEES, FY 2015-2016
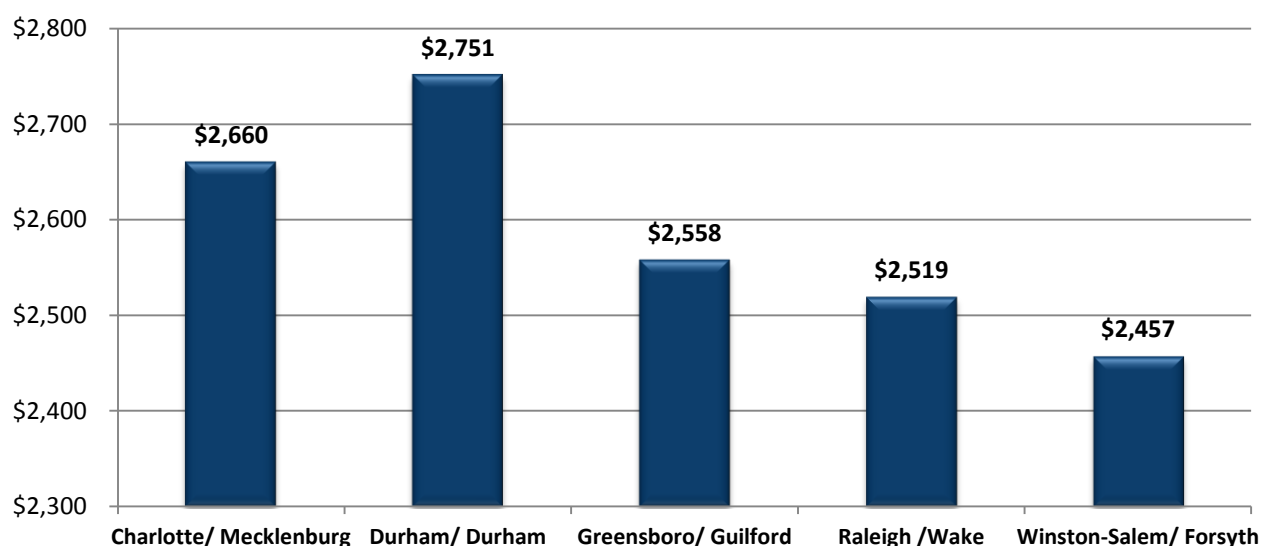
Greensboro ranks in the middle of the comparison cities with combined city and county taxes and fees of **$2,558**, an increase of only $1 since last year's report. Per household costs range from a high in Durham city/county of $2,751 to a low in Winston-Salem/Forsyth County of $2,457; a difference of $294 between the highest and lowest.

CITY/COUNTY COMBINED ANNUAL TAX AND FEE DETAILS, FY 2015-2016

	Charlotte/ Mecklenburg	Durham/ Durham	Greensboro/ Guilford	Raleigh /Wake	Winston-Salem/ Forsyth
Rank (*1=Most Expensive*)	**2**	**1**	**3**	**4**	**5**
Total Taxes and Fees	**$2,660**	**$2,751**	**$2,558**	**$2,519**	**$2,457**
Taxes^					
Property Tax Rate - City	*0.4787*	*0.5912*	*0.6325*	*0.4210*	*0.5650*
Property Tax Rate -County	*0.8157*	*0.7931*	*0.7600*	*0.6145*	*0.7310*
Combined Tax Rate per $100 value	*1.2944*	*1.3843*	*1.3925*	*1.0355*	*1.2960*
Combined Property Taxes ^	**$1,942**	**$2,076**	**$2,089**	**$1,553**	**$1,944**
Fees					
County Fees[1]	*$31*	*$0*	*$0*	*$20*	*$0*
Average Annual Water/Sewer Bill[2]	*$494*	*$564*	*$417*	*$669*	*$429*
Other City Fees and Charges [3, 4, 5]	*$193*	*$111*	*$52*	*$277*	*$84*
Total Fees	**$718**	**$675**	**$469**	**$966**	**$513**

Notes: ^All calculations are based on a $150,000 residential property value.
1 County fees include: $17 Solid Waste/Mecklenburg, $14.40 Stormwater/Mecklenburg; $20 Recycling/Wake.
2 Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons for FY 14-15. Rates exclude any additional fixed fees which may be charged by municipalities.
3 Includes curbside solid waste and recycling fees; excludes optional yard waste fee of $60 in Winston-Salem and $72 in Durham.
4 Stormwater fee based on 2,000+ sq ft of impervious surface, typically a "Tier II." Charlotte's stormwater charges above exclude a $14.40 fee set by Mecklenburg County. In previous comparison reports, this fee was included in city fees, but it is now included in the county fee tables.
5 Vehicle Registration fee based on 2 vehicles per household.

FINDING: When reviewing city-only property taxes and fees, Greensboro ranks in the middle of the comparison cities.

The table below includes FY 2015-2016 estimates for solid waste services, storm water fees, motor vehicle license fees and city-only property taxes based on an assessed residential property value of $150,000; water and sewer estimates are from March 2015, based on FY 2014-2015 rates.

CITY TAXES AND FEES, FY 2015-2016

	Charlotte	Durham	Greensboro	Raleigh	Winston-Salem
Rank (*1=Most Expensive*)	**4**	**2**	**3**	**1**	**5**
Total City Taxes and Fees	**$1,405**	**$1,562**	**$1,418**	**$1,578**	**$1,361**
City Taxes					
Property tax rate per $100 value	*0.4787*	*0.5912*	*0.6325*	*0.4210*	*0.5650*
City Property taxes	***$718***	***$887***	***$949***	***$632***	***$848***
City Fees					
Average Annual Water/Sewer Bill[1]	*$494*	*$564*	*$417*	*$669*	*$429*
Annual Solid Waste Services Bill[2]	*$25*	*$0*	*$0*	*$169*	*$0*
Annual Stormwater Fee[3]	*$108*	*$81*	*$32*	*$48*	*$54*
Annual Motor Vehicle License Fees[4]	*$60*	*$30*	*$20*	*$60*	*$30*
Total City Fees	***$687***	***$675***	***$469***	***$946***	***$513***

Notes: All calculations are based on a $150,000 residential property value.
1 Rates from NCLM/UNC Environmental Finance Center, based on an average monthly bill for 4,000 gallons for FY 14-15. Rates exclude any additional fixed fees which may be charged by municipalities.
2 Includes curbside solid waste and recycling fees; excludes optional yard waste fee of $60 in Winston-Salem and $72 in Durham.
3 Stormwater fee based on 2,000+ sq ft of impervious surface, typically a "Tier II." Charlotte's stormwater charges above exclude a $14.40 fee set by Mecklenburg County, which is now included in the county fee tables.
4 Vehicle Registration fee based on assumption of 2 vehicles per household.

Greensboro ranks in the middle of the comparison cities with city-only taxes and fees of $1,418, reflecting an increase of only $16 over last year. Greensboro's change in rank from second least expensive city last year to middle this year is partially due to how fees are reported for Charlotte and Mecklenburg County. In previous tax and user fee reports, the portion of the stormwater fee set by Mecklenburg County was included in Charlotte's stormwater fee as a city-only fee. Starting with this report, the Mecklenburg County portion of $14.40 has been deducted from Charlotte's stormwater fee and allocated to Mecklenburg County's fees. Additionally, for FY 15-16, the residential solid waste fee charged by Charlotte was reduced from $47 to $25, while Mecklenburg County increased their solid waste fee from $15 to $17.

FINDING: Community priorities affect the type and standards of service supported by a City.

To more accurately compare the costs for core city services, it is helpful to compare costs for similar levels of service. Greensboro's standard residential solid waste service includes curbside solid waste, recycling, and yard waste at no cost to residential property owners. However, Durham and Winston-Salem assess optional yard waste service fees at $72 and $60 respectively. Adding these optional charges into the comparison would change the relative rankings for tax and user fee costs between the cities, dropping Greensboro to the second least expensive city. As another example, Greensboro's stormwater fees at $32 are the least expensive of the similarly sized comparison cities, such as Durham with an $81 fee and Winston-Salem at $54.

Cities also vary on the type of services they provide to the community. Among the comparison cities, Greensboro is the only city that operates and funds a public library system. With net operating and debt service expenditures of approximately $7.8 million, Greensboro's public libraries represent approximately 3.15 cents on the property tax rate. If library costs were excluded from this comparison, the tax rate in Greensboro would be 60.1 cents per $100 of valuation. While this would not change Greensboro's ranking for property tax rates, it would bring Greensboro's tax rate to within one penny of Durham's.

FINDING: A greater share of city services are supported by property taxes in Greensboro than in comparison cities.

Cities differ in how they leverage user fees versus property taxes to support basic city services. The graph below shows the share of taxes versus user fees paid by an average residential property owner.

### TAXES VS. USER FEES TO SUPPORT BASIC CITY SERVICES, FY 2015-2016
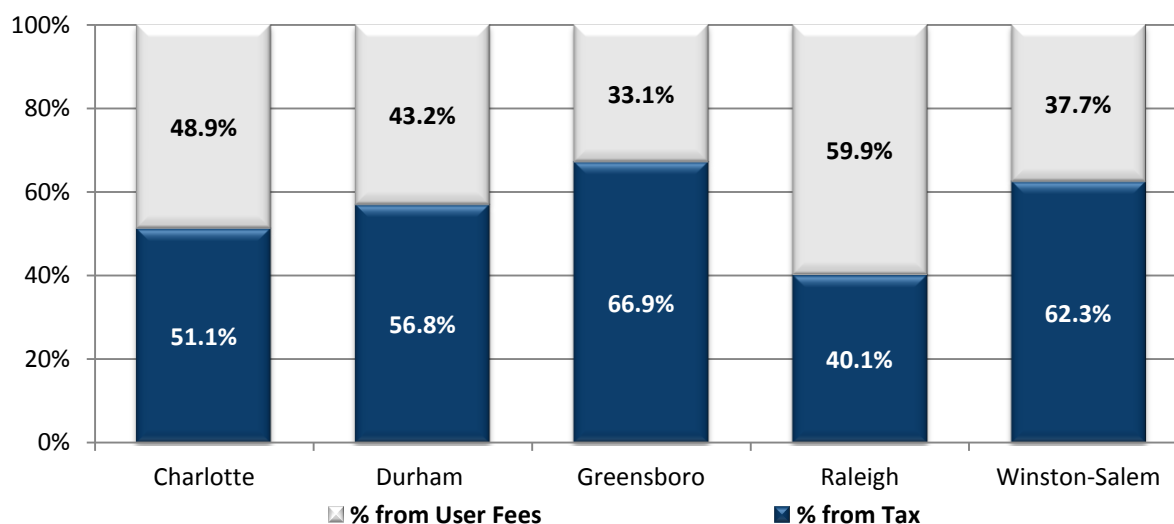
Greensboro's user fees account for one-third of the support for basic city services. Raleigh, on the other hand, relies heavily on user fees to support City services with an annual user fee cost per household of $946, which is 50% greater than Greensboro's per household user fee cost. Charlotte's costs are nearly evenly split between user fees and property taxes.

Just as no two cities are the same in size, composition, and needs, there is no "one size fits all" answer to the best formula for user fees vs. property taxes in support of basic city services. Although for many cities, increasing user fees for City services has been seen as a more politically feasible option than increasing property tax rates.

FINDING: Greensboro has the lowest user fees of the comparison cities.

CITY USER FEE TRENDS, FY 14-15 AND FY 15-16
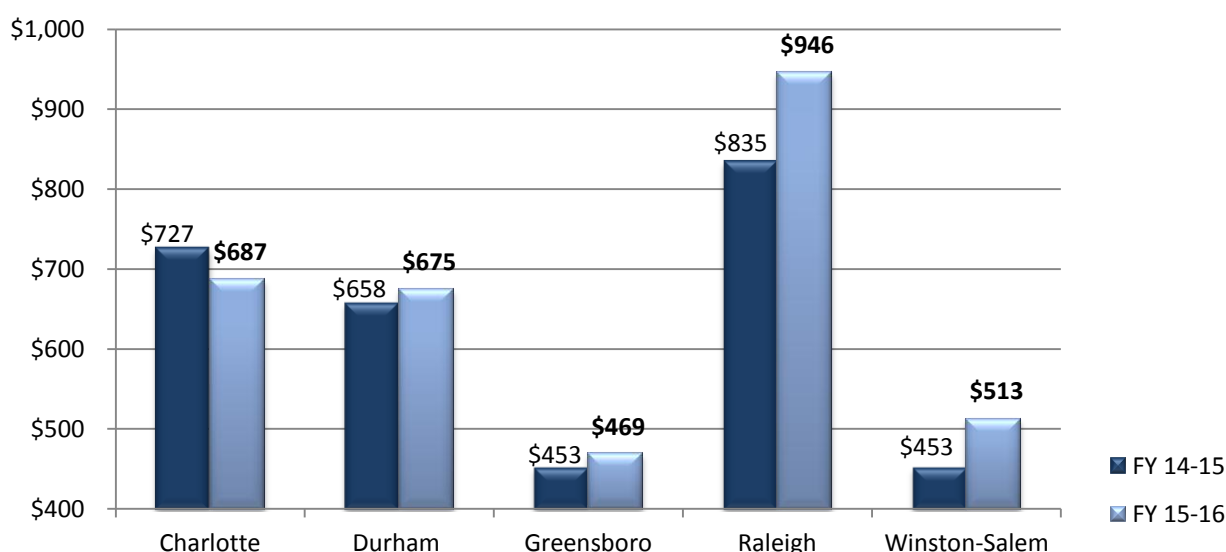
Greensboro's user fees have trended significantly lower than most comparison cities and with a low annual increase of 3.5% over last year. In FY 15-16, Greensboro's user fees were $477 less expensive than Raleigh, which experienced a user fee increase of 13% from FY 14-15. Winston-Salem has the second least expensive user fees, only $44 higher than Greensboro; however, Winston-Salem's user fees increased 13% over last year and their user fee cost excludes the $60 optional yard waste fee, which would bring Winston-Salem's user fees up to $573.

FINDING: The combined property tax rate for Greensboro and Guilford County has decreased by 1.44% between FY 12-13 and FY 15-16. Overall, the difference in property tax rates between comparison cities and counties is narrowing.

Although the ranking of property tax rates in the comparison cities has changed little over time, the difference between tax rates in Raleigh/Wake (the lowest) and Greensboro/Guilford (the highest) has narrowed by 13.93 cents from 49.63 cents in FY 12-13 to 35.7 cents in FY 15-16.

Between FY 12-13 and FY 15-16, all of the comparison cities and their respective counties have experienced a property tax rate increase with the exception of Greensboro/Guilford County. Greensboro/Guilford County residents have seen their county property tax rate decrease by 2.04 cents and have had a flat city tax rate since FY 12-13, for an overall combined decrease of 1.44%, or approximately $31 on a $150,000 home.

Raleigh residents living within Wake County have experienced the greatest increase in combined property tax rates with an increase of 12.97% or $178 annually on a $150,000 home value; while Winston-Salem/Forsyth County residents have experienced the second highest increase of 11.24%, or $197 annually on a $150,000 home value. Increases in property tax rates for both Raleigh and Winston-Salem were largely due to voter approved bond projects.

CITY/COUNTY PROPERTY TAX RATE TRENDS, FY 12-13 TO FY 15-16

City/County	Year of Last Reval	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Rate Change Since FY 12-13	% Change Since FY 12-13	$ Change in Annual Taxes Since FY 12-13*
Charlotte		.4370	.4687	.4687	.4787	.04170	9.54%	$62.55
Mecklenburg	2011	.7922	.8157	.8157	.8157	.02350	2.97%	$35.25
Char/Meck		$1.2292	$1.2844	$1.2844	$1.2944	$0.0652	5.30%	**$97.80**
Durham City		.56750	.51400	.59120	.59120	.02370	4.18%	$35.55
Durham Co.	2009	.74440	.77440	.79310	.79310	.04870	6.54%	$73.05
Durham/Durham		$1.3119	$1.2884	$1.3843	$1.3843	$0.0724	5.52%	**$108.60**
Greensboro		.6325	.6325	.6325	.6325	.00000	0.00%	$0.00
Guilford	2012	.7804	.7700	.7700	.7600	- .02040	-2.61%	($30.60)
Greensboro/Guil		$1.4129	$1.4025	$1.4025	$1.3925	-$0.0204	-1.44%	**($30.60)**
Raleigh		.3826	.3826	.4038	.4210	.03840	10.04%	$57.60
Wake	2009	.5340	.5340	.5780	.6145	.08050	15.07%	$120.75
Raleigh/Wake		$0.9166	$0.9166	$0.9818	$1.0355	$0.1189	12.97%	**$178.35**
Winston-Salem		.4910	.5300	.5400	.5650	.07400	15.07%	$111.00
Forsyth	2013	.6740	.7168	.7168	.7310	.05700	8.46%	$85.50
W-S/Forsyth		$1.1650	$1.2468	$1.2568	$1.2960	$0.1310	11.24%	**$196.50**

Per $100 property valuation; based on $150,000 residential property value.

SUMMARY

Although Greensboro has the highest property tax rate of the comparison cities, it also charges the lowest user fees for basic city services, which places Greensboro in the middle of the comparison cities for costs per household. Greensboro's property tax rate has remained flat and increases to user fees have been nominal over the past few years, unlike increases seen in other municipalities.

When comparing per household costs by city, it is important to consider the various strategies by which local governments fund their operations, as well as the type and quality of services provided. Comparisons between cities based solely on the property tax rate don't fully represent per household costs for basic services, nor do they reflect the increasing practice by municipalities of charging user fees to provide basic city services. County property tax rates and fees also need to be included in the discussion, as they account for 50-60% of the cost burden for property ownership.

Funding strategies and costs are driven by a community's needs, priorities, and expectations for services. Greensboro, for example, is the only city of the comparisons to fully fund and operate a library system. Greensboro also boasts an ISO 1 rated Fire Department and nationally accredited parks, which are all supported by property taxes. Simple comparisons of property tax rates cannot capture these differences in amenities and service levels.

City services are but one of many factors to consider when comparing tax rates. A city's physical size, population, property values, and the ratio of residential to commercial development will all affect tax rates. These variables need to be reviewed to yield greater insights into a city's property tax rate and funding strategies.